

**MINUTES OF THE
INFRASTRUCTURE AND GENERAL GOVERNMENT
APPROPRIATIONS SUBCOMMITTEE MEETING**

Room 445, State Capitol
February 15, 2013

Members Present:

Sen. Wayne A. Harper, Co-Chair
Rep. Gage Froerer, Co-Chair
Rep. Jacob L. Anderegg, House Vice-Chair
Sen. Lyle W. Hillyard
Sen. David P. Hinkins
Sen. Scott K. Jenkins
Sen. Peter C. Knudson
Sen. Karen Mayne
Sen. Kevin T. Van Tassell

Sen. Evan Vickers
Rep. Johnny Anderson
Rep. Kay J. Christofferson
Rep. Lynn N. Hemingway
Rep. John Knotwell
Rep. Douglas V. Sagers
Rep. R. Curt Webb
Rep. John R. Westwood

Members Absent:
Rep. Janice M. Fisher

Staff Present:
Mr. Mark Bleazard, Legislative Fiscal Analyst
Mr. Gary Ricks, Legislative Fiscal Analyst
Ms. Cami Deavila, Secretary

Note: A list of visitors and a copy of handouts are filed with the Subcommittee minutes. A copy of related materials and an audio recording of the meeting can be found <http://le.utah.gov/asp/interim/Commit.asp?Year=2013&Com=APPIGG>

1. Call to Order/Minutes

Co-chair Harper called the meeting to order at 8:04 a.m.

MOTION: Sen. Hillyard moved to approve the minutes from the February 1, 2013 meeting. The motion passed unanimously.

2. Aeronautics

Mark Bleazard, Fiscal Analyst, Office of the Legislative Fiscal Analyst, stated the responsibilities of the Aeronautics department. The base budget is recommended at \$27,296,100, including administration. The airport construction program estimated budget is \$23,536,000; the Federal government funds \$20 million and the State matches \$3,536,000. The Civil Air Patrol is housed in this budget for \$80,000. Aid to Local Airports is responsible to distribute the aviation fuel tax collections. The base budget is \$2,240,000 but can vary based on the collection of the tax. Airplane operation's budget is \$947,800. These budgets include \$20 million in Federal funds, \$383,000 in dedicated credits, and \$6,912,500 from the Aeronautics Restricted Fund. An issue brief shows 2013 and 2014 projects for local airports.

Sen. Hillyard stated the airplane property tax has been so high that airplanes are being housed out of State. The gas tax is also high and planes fly over Utah and fill up in states with cheaper gas prices. Sen. Hillyard asked if these problems are being solved for local airports. Mr. Bleazard stated the aviation fuel tax has increased; ground hasn't been lost but has not been gained either. John Njord, Executive Director, Utah Department of Transportation (UDOT), stated no one knows the number of planes being housed out of State. Co-chair Harper stated bills have been run in previous years to help with this problem.

Sen. Van Tassell asked if the smaller airports charge landing and take off fees. Mr. Njord is unaware of landing or take off fees, revenue generated comes from the fuel tax.

Co-chair Harper asked how many planes the State owns. Mr. Njord answered three State planes.

3. B&C Roads

Mr. Bleazard stated 30 percent of revenue collected in the transportation fund goes to the B&C road account. The funds are distributed by a statutory formula. There is an estimated budget of \$129,243,000 for B&C roads. There is an issue brief for the breakdown of distributions of the 2012 B&C funds. The committee action needed is to approve the estimated budget.

Rep. Anderegg asked which taxes are included in the budget. Mr. Bleazard replied the gas tax, permits, and registration fees. Mr. Njord added the local entities asked the department to distribute funds every other month. There is a certain amount appropriated but the distribution is based off what is actually collected.

Sen. Jenkins stated small communities live and die on these funds and asked how information is received about new local roads. Mr. Njord stated local entities are required to certify road mileage and submit any changes to UDOT.

Rep. Sagers asked if UDOT tracks how small cities expend the funds. Mr. Njord stated the local government is required to follow the administrative rules and have an annual audit.

Rep. Christofferson asked the difference between class B and class C roads. Mr. Njord defined class B roads as county roads and class C roads are city streets.

4. Construction

Mr. Bleazard stated functions of the Construction Management line item is separated into two programs. The base budget for the program is estimated at \$222,737,700.

Rep. Anderegg stated the disproportionate amount of Federal money the State relies on is daunting and asked if there is a way to wean the State from accepting Federal money. Sen. Hillyard stated some states are pushing congress to stop collecting the Federal gas tax and leave the taxes in the states.

Mr. Bleazard continued that the State is currently receiving a dollar for a dollar from the Federal government gas taxes collected. Some years the distribution has not been that equal.

Sen. Hillyard stated Utah had highway projects ready to use Federal stimulus money for where other states did not. Mr. Njord added that UDOT has more projects ready and if the Federal government released a billion dollars it would be spent immediately.

Co-chair Harper stated that the Federal money is always quickly spent.

Mr. Bleazard stated that along with approval of the budget, there is intent language authorizing UDOT to maximize Federal and State program.

5. Transportation Investment Capacity Program

Mr. Bleazard stated \$504 million is collected into the Transportation Investment Capacity Program (TICP.) Approximately \$330 million is for debt service and \$172,722,100 for projects. There was an intent statement in the FY2013 appropriation that \$2 million be used for roads around the Utah State University campus in Tooele, it is recommended the statement be discontinued.

Sen. Jenkins asked if legislation is needed to clean up the Centennial Highway Fund (CHF.) Mr. Bleazard stated legislation was run last year to change the flow of money going into the CHF, which now goes to the Transportation Investment Fund (TIF.)

Co-chair Harper stated the CHF changed the nature of transportation and construction. Utah is the standard bearer of the nation.

Rep. Sagers reported on the completion of the Tooele City road projects.

Mr. Njord commented the intent language helps UDOT manage the actual revenues from

the unstable fuel tax. Co-chair Harper reiterated the motor fuel special fuel tax is important but volatile.

Carlos Braceras, Deputy Director, Utah Department of Transportation, briefed the committee on the process for choosing projects and how the funds are distributed.

Sen. Hillyard asked about the States major highway construction projects. Mr. Njord gave an overview of progress on each project. Mr. Braceras added that UDOT's website gives daily updated information on each construction project around the State.

Sen. Mayne thanked UDOT for being flexible with 4100 on the Mountain View Corridor.

6. Engineering Services

Mr. Bleazard stated the responsibilities of the Engineering Department. There is a base budget of \$31,896,200 and an intent statement encouraging agencies to conserve money; each agency can non-lapse a certain amount of money every year. Mr. Bleazard presented the following budgets: Program Development, \$10,912,000; Pre-construction Administration, \$1,880,500; the Environmental Group, \$844,600; Structures Program, \$2,896,900; Materials Lab, \$4,270,600; Engineering Service, \$2,085,400; Right of Way Division, \$2,002,000; Research Program, \$2,690,900; Construction Management Program, \$3,926,600; and the Civil Rights Program, \$386,500. The committee action needed is to adopt the total budget and the intent statement.

7. Equipment Management

Mr. Bleazard stated the program responsibilities, including managing \$57 million worth of equipment. The base budget is recommended at \$27,659,500 and an intent statement for non-lapsing funds to be used on employee training and incentives for \$200,000. The base budget recommendation is \$5,544,300 for equipment purchases. Included in the base budget is \$25,000 for small shop tools and equipment; \$90,000 for 800 megahertz radio facilities, \$32,900 for 150 megahertz radio facilities and \$330,000 for fleet upgrades for a total of \$6,022,200. The shop's base budget is \$21,637,000. The recommended budget has \$1,043,900 of transportation funds and dedicated credits revenue of \$26,615,600. The total budget recommendation is \$27,699,500. There is an issue brief requesting a one time increase of \$790,000 for equipment to take care of the I-15 Core through Utah County.

Rep. Christofferson asked if maintenance and shop work is subcontracted. Mr. Njord replied that some repairs are sent to local shops when there is an influx of maintenance needs.

Mr. Njord stated the importance of the issue brief for additional equipment. I-15 changed from four lanes each direction to seven lanes each direction. Mr. Njord spoke to the different ways UDOT is maximizing equipment; however, there is still a need for additional equipment.

Co-chair Froerer asked about the cost involved for each snowstorm. Mr. Njord replied the average snowstorm costs about \$1 million and the budget is funded for 25 storms. The trend for this year is on track; the storms have been localized to the Wasatch Front.

8. Maintenance/Operations Management

Mr. Bleazard stated 17,000 lane miles are maintained by the Department of Transportation in the State. The base budget recommendation is \$144,782,700. The concern of the analyst is that secondary roads are deteriorating and lacking proper maintenance. Funding is approximately \$800 million behind in keeping highways to a high standard. About \$40-\$80 million a year is needed to keep state highways up to standards. There is an intent statement to maintain non-lapsing funds of \$1.3 million for equipment and supplies; environmental clean up, \$200,000; and land purchases, \$500,000. There is a maintenance administration program where funding is placed in a holding account for unforeseen issues; the recommendation is \$5,333,700. The money is reprogrammed throughout the regions if there are no emergencies. Mr. Bleazard briefed the committee on the following regional maintenance budgets: Region One, \$20,296,200; Region Two, \$28,456,200; Region Three, \$19,409,300; Region Four, \$39,744,700. There is also funding for the following budgets: Seasonal Employee Pool, \$919,700; Land and Buildings Program, \$5,524,000; Field Crews, \$11,079,000; Traffic Safety Program, \$3,528,000; Traffic Operations Center, \$8,696,500; Maintenance Planning Group, \$1,795,400. There is an intent statement that all revenue from land and building sales be lapsed into the transportation fund. Another intent statement allowing adjustment to the number of full time equivalent field crews with the increase or decrease in the Federal Construction Program. An issue brief requesting a transportation fund increase of \$2,263,000 in ongoing funds for increased maintenance. The analyst recommends transferring \$2,300,000 from the TIF to assist with the program. The committee could also consider moving \$6 million from the capacity program to the maintenance program.

Mr. Njord stated this part of the budget enables UDOT to take care of the roads.

Co-chair Harper stated it is more important to maintain roads than construct new ones.

9. Mineral Lease

Mr. Bleazard stated mineral leases collect money from the extraction of minerals or natural resources on State lands. 40 percent of the funds from the Federal lease account are distributed to counties that have extractions. The anticipated FY14 budget is \$73,349,000. The mineral lease program is estimated at \$70,880,000 and the in lieu payment program is anticipated to be \$2,469,000. An intent statement stating the funds from the mineral lease program should be used for improvement or repair of highways or roads that are heavily impacted by energy development.

Rep. Hemmingway asked if that included all the lease money the State receives. Mr.

Bleazard stated it was 40 percent of the total.

10. Region Management

Mr. Bleazard stated the base budget recommendation is \$27,214,500. There is an intent statement to distribute non-lapsing funds for continued region management of \$200,000. Mr. Bleazard presented the following budgets: Region One, \$5,469,500; Region Two, \$9,867,900; Region Three, \$4,778,600; Region Four, \$6,407,900. \$22,480,200 comes from transportation funds, \$3,502,100 from Federal funds, and \$1,233,200 million from dedicated credits.

Sen. Van Tassell noted that lane miles have increased, but the amount of staff remains the same.

Sen. Jenkins commented on the updated equipment.

Mr. Njord stated UDOT accomplished much of its work through the private sector. Last year there were 16,000 private sector employees working on UDOT projects and only a few hundred UDOT employees.

11. Sidewalk Construction

Mr. Bleazard stated funding for sidewalk construction is recommended at \$500,000 from the Transportation Fund. Mr. Bleazard presented the formula for how sidewalk projects are determined. There are two intent statements, using the funds on State highways and participating in a 25/75 percent match.

Mr. Njord stated the program is a great opportunity to provide students a safe way to school.

Rep. Westwood asked about the process for matching funds with local communities. Mr. Njord replied 75 percent of funding comes from the State and 25 percent from the local government. Very often the local government provides the 25 percent match in materials and labor.

12. Support Services

Mr. Bleazard stated the recommended base budget is \$29,384,000. There is an intent statement to use non-lapsing funds for computer equipment and software. The support services budget includes the following budgets: Administrative Program, \$2,469,400; Risk Management, \$2,680,300; Buildings and Grounds, \$987,500; Human Resource is a contracted group, \$1,268,000; Procurement, \$1,193,700; Data Processing, \$9,494,000; Comptrollers Office, \$2,570,000; Internal Audit, \$811,000; and Community Relations, \$598,400; Ports of entry, \$7,309,600.

Mr. Njord stated two of the line items are a pass through of UDOT.

MOTION: Rep. Knotwell moved to adjourn. The motion passed unanimously.

The meeting adjourned at 9:45 a.m.

Minutes were reported by Cami Deavila, Senate Secretary.

Sen. Wayne A. Harper, Co-Chair

Rep. Gage Froerer, Co-Chair